

The Honorable Joseph Crowley  
1436 Longworth House Office Building  
Washington, D.C. 20515

June 21, 2016

Dear Representative Crowley,

On behalf of the Pension Rights Center, the oldest consumer organization in the country dedicated exclusively to promoting and protecting the retirement rights of workers, retirees and their families, we are writing to express our support for your legislation creating Secure, Accessible, Valuable, Efficient Universal Pension accounts (SAVE UP accounts).

As you know, our nation is experiencing a \$7.7 trillion retirement income deficit, which is the difference between what Americans should have saved to maintain their standard of living in retirement and the amount they actually have saved for retirement. This retirement income deficit persists despite billions of dollars of tax incentives provided by state and federal governments over the years to encourage workers to save for their retirement. It is clear we need to move in a different direction.

Your bill, the SAVE UP Act, is an important step in that direction.. The bill would require employers with 10 or more employees to open individualized retirement accounts for every employee if they do not already offer a retirement plan. These accounts will offer a limited number of low-fee index fund options to help protect smaller accounts from eroding due to costs, and will be privately managed under government oversight, much like the Thrift Savings Plan currently offered to federal employees. Small businesses will be eligible for tax credits to help defray the cost of the new accounts.

A particularly significant feature of SAVE UP accounts is a requirement that employers directly contribute 50 cents per hour into an employee's account (an amount which is annually adjusted for inflation). The accounts will provide automatic enrollment at 3 percent of the employees' pre-tax income, with automatic escalation of the amounts contributed, unless the employee opts-out. Contributions to these accounts will be pre-tax, growth of the investments will be tax-free, and withdrawals during retirement will be taxed as ordinary income.

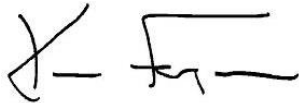
Another very important feature of your bill is the establishment of a target benefit amount and the mechanism by which you minimize the risk to individual savers that is inherent in any type of individual account plan. Your bill would create a collective investment pool that will serve as a cushion from the normal swings in the market which can devastate the account balances of workers approaching retirement. In years with above-average returns, some of the stock market gains will be channeled into this pool, which will then be apportioned to accountholders during years where the market is experiencing below-average gains. This type of risk-sharing will be

especially important to workers approaching retirement during years when the economy contracts, leaving them insufficient time to recover.

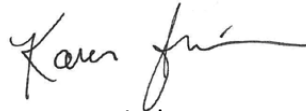
Most important, your bill requires that payouts from the accounts be in the form of an annuity, and except for loans of small amounts to meet short-term needs, that all retirement money be preserved for retirement.

The Pension Rights Center strongly agrees that steps should be taken to increase the economic security of older Americans, and we believe your bill, the SAVE UP Act, would be very helpful in achieving this goal. The Pension Rights Center thanks you for your leadership on behalf of workers' retirement security and we look forward to working with you to advance your legislation in the 114<sup>th</sup> Congress.

Sincerely,

A handwritten signature in black ink, appearing to read 'K. Ferguson'.

Karen Ferguson  
Director

A handwritten signature in black ink, appearing to read 'Karen Friedman'.

Karen Friedman  
Executive Vice President and Policy Director